



To: Grid West Coordinating Team

From: Dwight Langer

Date: January 3, 2005

RE: Proposed Grid West Bylaws Comments

At the November 17, 2005 Grid West Forum, members and interested parties were asked to give their opinion and comments on the advisability and their acceptability of a combined set of bylaws from existing and separate developmental and operational bylaws. We opined then and still believe that as we go forward, perception is very important and we should avoid the appearance of a 'wholesale slaughter' of the bylaws that implies a dilution in the vision and comprehensive quality of the Grid West proposal. That said, we agree however, that consideration should be afforded to bylaws changes that either amend or delete provisions that in practice are counterproductive, cumbersome, or just plain nonsensical. A committee of Grid West members with a keen interest and expertise in the bylaws went to work with a focus for "improving organizational workability without sacrificing accountability".

On November 23<sup>rd</sup> proposed bylaws were posted on the Grid West website followed by another Forum on December 6<sup>th</sup>. At this Forum the bylaws workgroup/committee provided an opportunity for further review, questions and discussion of proposed changes. As has become a trademark of Grid West, the quality of the work was extraordinary, and the accompanying documentation and explanation of the proposed changes proved an integral component of the presentation and the new bylaws. We cannot over emphasize the quality and importance of the bylaws workgroup's documentation and explanation of the changes. Interested parties will be following Grid West and we believe it is important that we sufficiently present for their best understanding the 'how' and the 'why' of changes made to improve the earlier model. The superior quality of the Grid West proposal will attract interest, support and participation, and conversely the opposite is probably true – poor quality will prevent interest and potentially increase opposition.

After (i) having read the proposed bylaws (with the accompanying explanations), (ii) attending the December 6<sup>th</sup> Forum and (iii) having read the proposed changes as a result of the December 6<sup>th</sup> Forum, we appreciate this opportunity to submit the following comments for consideration. Our comments are not an exhaustive list of all the changes proposed from the November 23, 2005 and/or the December 19, 2005 revised bylaws

drafts and, unless specifically stated otherwise, we generally accept them as we understand them to mean.

1. The inclusion of 1.41 Supermajority Board Vote as a defined term and its use throughout is beneficial and provides clarity.
2. 3.2.2 Rate Design of Pre-Existing Long-Term Transmission Rights (see comments to Section 7.16.3, item 6 below).
3. With regards to deleting section 5.15.2 requiring a mandatory member advisory vote on certain budget proposals with more than a fifteen percent change from the previous budget forecasts, we concur that this provision creates an additional procedural hurdle without providing significant enhancement to accountability or cost control.
4. On the discussion about the size of the Board of Directors (Section 7.1.2), we support a five-member board with expandability to seven at a later date and after proper protocol.
5. We support deletion of Section 7.12.2 Guiding Principles for Decisions and concur with the explanation by the bylaws workgroup as justification, i.e. “as being an unreasonable intrusion into the Board’s decision-making process and that it could be misused to hamstring Grid West...”.
6. With regards to Section 7.16 Special Issues List, we have the following concerns:

- a. the reference to “company rate” in 7.16.1 (ii) has been deleted;

[This deletion in and of itself is not the essence of our concern. Our concern is that, and as the committee correctly states “one of the most important reasons for including “departure from the company rate approach” in the original Special Issues List was that people were worried about cost-shifts.....”, in our view the importance is two-fold – (1) to not only prevent cost-shifts but (2) to help ensure that the methodology for whatever rate(s) are developed be “cost based” (revenue requirement).]

Furthermore:

- b. the proposed changes/deletions (in Section 7.16.3) in the December 23<sup>rd</sup> version fails to show the proposed unchanged language/provisions included in the November 23<sup>rd</sup> version namely:

“(i) the transmission revenue requirement (emphasis added) of the owner or operator of the transmission system on which the point of injection for the transmission right is located;

(ii) the transmission revenue requirement (emphasis added) of the owner or operator of the transmission system on which the point of withdrawal for the transmission right is located; or

(iii) a combination of (i) and (iii).” [end of quote and of section omitted in 12-23-05 version]

7. With regard to the proposed changes/deletions to Section 7.16.8 we do not understand how the existing language (from November 23, 2005 version) is problematic and how the new proposed language (in December 19, 2005 version) is better or solves what problem. The new language is narrow in scope and pertains solely to backstop authority and eliminates the reference to the eight (8) year company rate period.
8. In addition we support deleting section 12.4.3 “poison pill” and strongly concur that it is unwise to set up an automatic self-destruct mechanism and, in effect, taking away the region’s ability to decide for itself how best to respond to any FERC efforts in the future.

In conclusion we again thank you for this opportunity to participate and to offer our comments. We look forward to reading and hearing the other parties comments concerning the bylaws, as well as future updates from the TSLG and cost benefit committee.